



June 2018  
Volume VI, Issue: 6

Sponsored by:

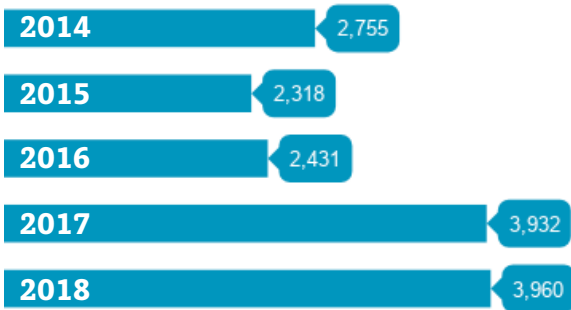


"The record-setting winter coupled with our industry's labor shortage is creating a slower start than expected to 2018. We expect to see an increase in activity in the next few months."

David Siegel, executive director of Housing First Minnesota



## Twin Cities Building Activity



### Units Authorized Year-to-Date April 2014-2018

SOURCE: KEYSTONE REPORT

LOVE INDUSTRY DATA & NEWS?

FOLLOW THE BATC-HOUSING FIRST MINNESOTA DAILY BLOG AT BATC.ORG

[BATC-Housing First Minnesota]

## Long Winter Puts Damper on Twin Cities Residential Construction

Twin Cities homebuilding activity continues to underperform expectations in April. For the month, the number of single-family permits pulled dropped by eight percent compared to April last year. Multifamily construction also saw a drop in April, with a 43 percent decrease in the number of permitted units month-over-month.

According to data compiled by the Keystone Report for Housing First Minnesota, there were 434 permits issued for a total of 842 units during four

comparable weeks in the month of April.

"The long winter and the timing of road restrictions have definitely had an impact on home building," said Tom Wiener, president of Housing First Minnesota. "This does not help the housing supply issue we have in the Twin Cities."

"The record-setting winter coupled with our industry's labor shortage is creating a slower start than expected to 2018," said David Siegel, executive director of Housing First

*"The long winter and the timing of road restrictions have definitely had an impact on home building."*

Tom Wiener, president of Housing First Minnesota

Minnesota. "We expect to see an increase in activity in the next few months."

For the month, Lakeville took the top spot with 46 permits issued. Lake Elmo came in next with 28 permits, followed by Plymouth with 26 permits. Rounding out the top five are Woodbury with 24 permits issued and Blaine with 22 permits issued.

[MAAR]

## SLIGHTLY LESS ACTIVITY YET HIGHER PRICES IN LESS TIME

By David Arbit, Minneapolis Area Association of REALTORS®

Housing demand is strong and supply is low. That's been the story for a few years. But there is some early evidence that things could be starting to loosen up. That said, buyers shopping this spring will still face stiff competition. The lack of inventory combined with rising prices is encouraging some sellers to stay put; however, the move up

market offers a bit more inventory. This combined with historically low interest rates creates a perfect opportunity for homeowners looking to move up.

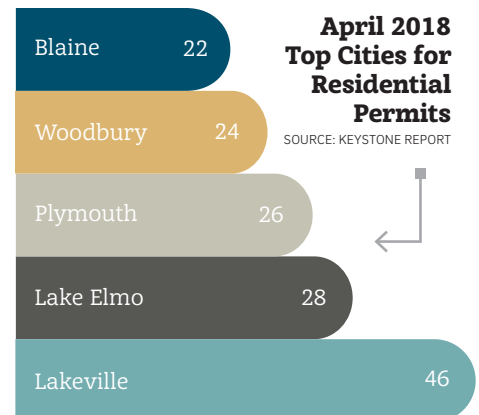
In April, sellers listed 7.2 percent fewer homes on the market—the sixth consecutive month of declines compared to a year ago. Largely due to the shortage, closed sales declined 5.2 percent compared to the prior year. For-sale housing inventory was 25.1 percent lower than April 2017. This shortage, which is particularly acute at the entry-level prices, has created a competitive environment where multiple offers and homes selling for over list price have become more common. Sellers are often

receiving strong offers close to their original list price quickly, which can sometimes frustrate home buyers.

New construction closed sales rose 13.2 percent compared to last April. Although single family homes made up about 73.0 percent of all sales, townhomes and condos have seen stronger demand lately. Similarly, previously-owned homes made up about 90.0 percent of sales, but new construction showed a much stronger increase in pending and closed purchase activity. The average time on market is still 53 days, reminding sellers that they still need to stage and price their homes well.

*"New construction closed sales rose 13.2 percent compared to last April. Although single family homes made up about 73.0 percent of all sales, townhomes and condos have seen stronger demand lately."*

David Arbit, Minneapolis Area Association of REALTORS® (MAAR)



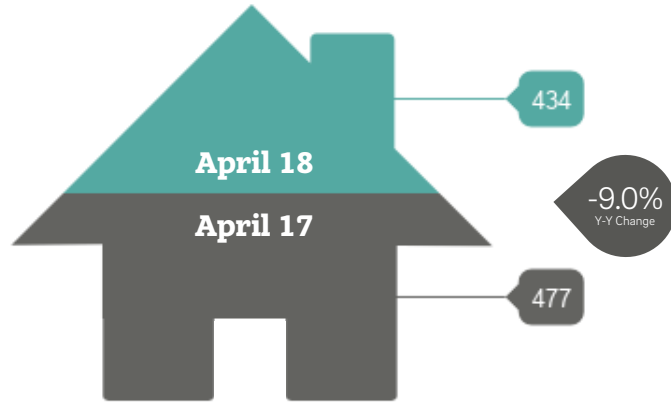
### April 2018 Top Cities for Residential Permits

SOURCE: KEYSTONE REPORT

New Construction Closed Sales  
↑ 13.2%  
Compared to April 2017

# 2018 April Metro Building Activity

Twin Cities homebuilding activity continues to underperform expectations in April. For the month, the number of single-family permits pulled dropped by eight percent compared to April last year. Multifamily construction also saw a drop in April, with a 43 percent decrease in the number of permitted units month-over-month.

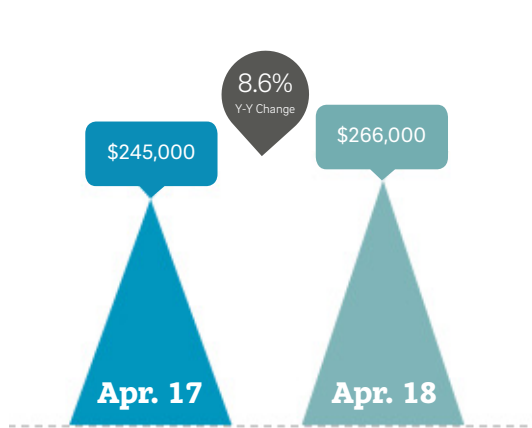


**Units YTD:**  
**3,960**

**Multi-Family**  
**58%**  
of Twin Cities  
Housing Units  
Authorized

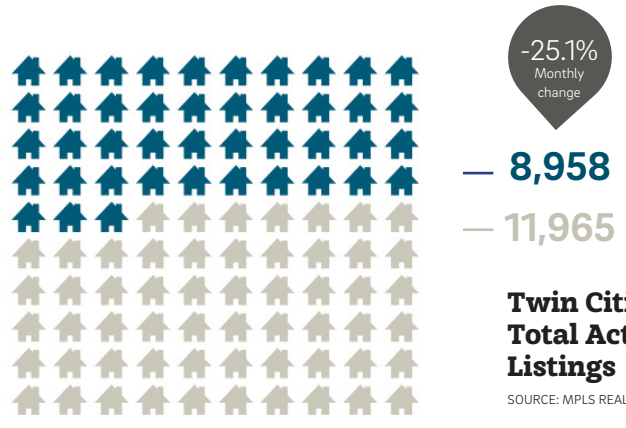
## Twin Cities Housing Permits Authorized

SOURCE: KEYSTONE REPORT

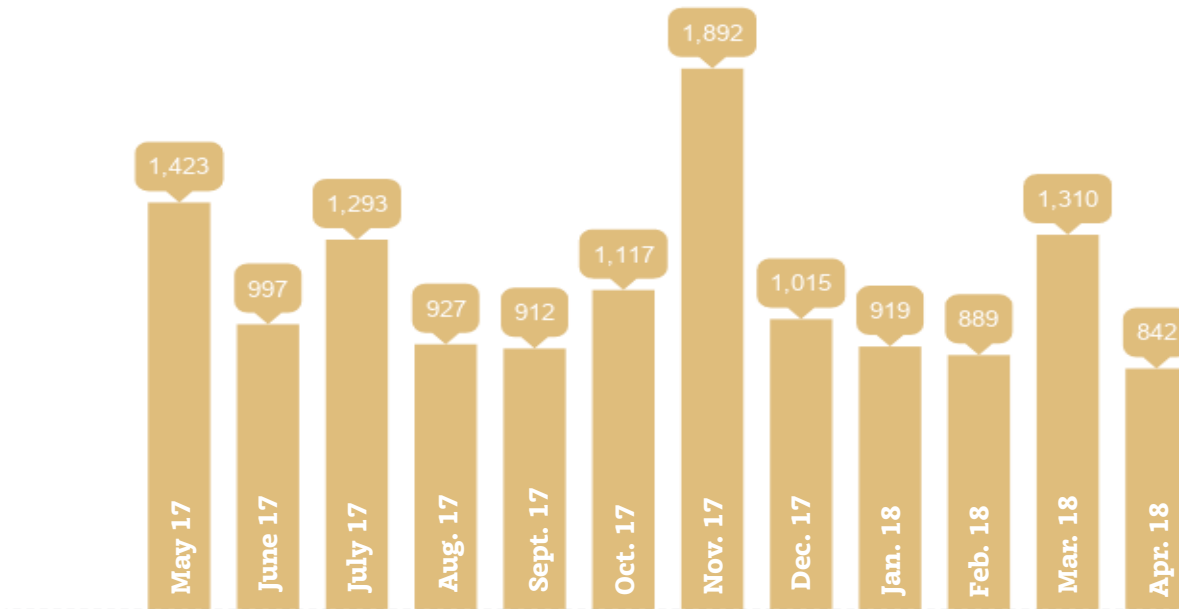


## Twin Cities Median Home Price

SOURCE: MPLS REALTORS



■ April 2018 (42.81%) ■ April 2017 (57.19%)

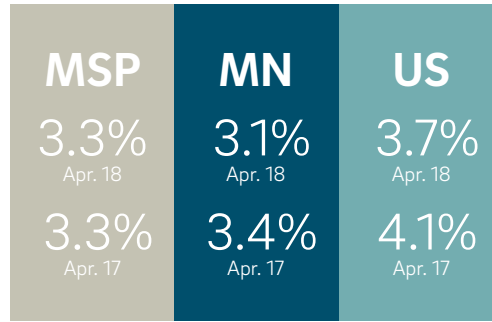


## Metro Building Units - Past 12 Months

SOURCE: KEYSTONE REPORT

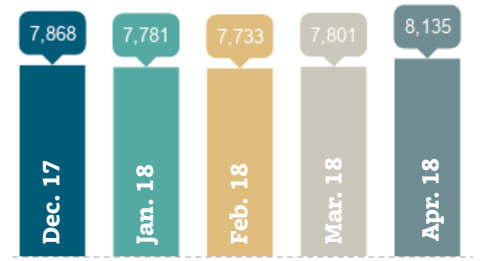
# Employment

According to the Minnesota department of Employment and Economic Development Minnesota lost 3,200 jobs in April. The state's unemployment rate held steady at 3.2 percent, while the national unemployment rate in April was 3.9 percent. Overall, 11,659 jobs were added over the past 12 months in Minnesota.



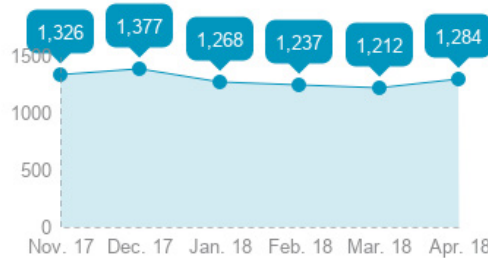
**Unemployment Rate Snapshot**

SOURCE: DEED-MN



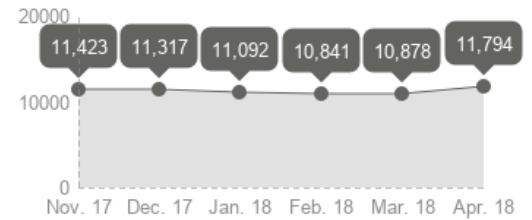
**Twin Cities Construction Employment**

SOURCE: DEED-MN



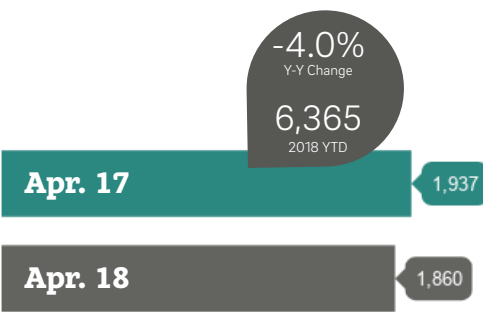
**Twin Cities Construction Weekly Wages**

SOURCE: DEED-MN



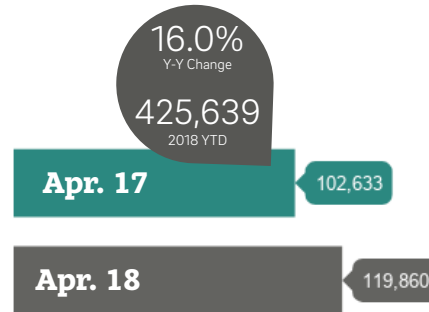
**MN Construction Employment**

SOURCE: DEED-MN



**MN Housing Units Authorized**

SOURCE: US CENSUS

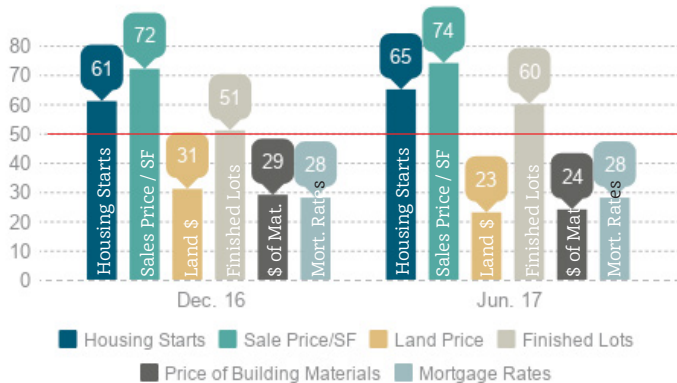


**US Housing Units Authorized**

SOURCE: US CENSUS

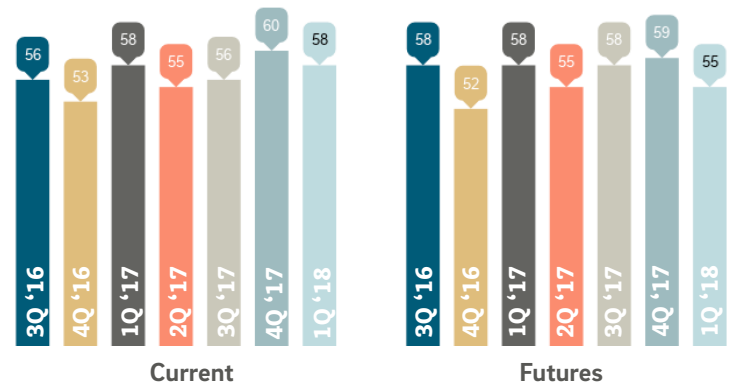
# Regional/National Statistics

The Minnesota housing market continues to see a concerning lack of inventory. During the month of April, there were about half as many houses in the Twin Cities metro area market than six years ago. Homebuilders are struggling to make up for the lack of supply. The combination of a shortage of inexpensive land and skilled labor has curbed construction.



**Twin Cities Home Builders Survey**

SOURCE: UNIVERSITY OF ST. THOMAS & BUILDERS ASSOCIATION OF THE TWIN CITIES  
(OVER 50 IS POSITIVE, BELOW 50 IS NEGATIVE)

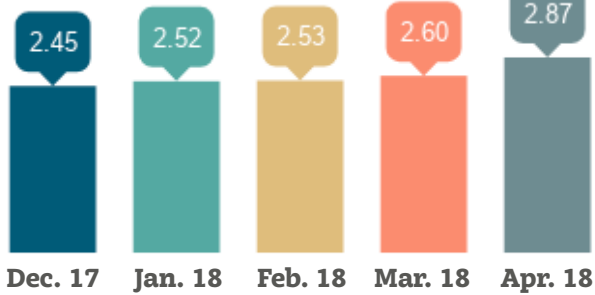


**Remodeling Market Indicies**

SOURCE: NAHB

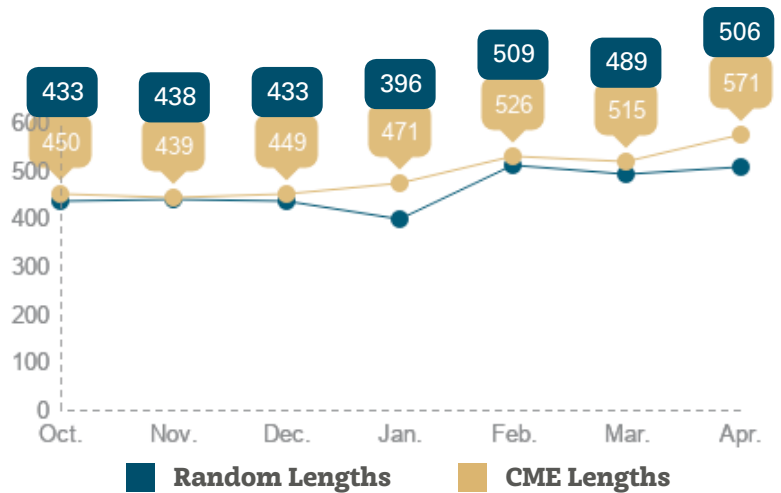
# Key Indicators

Lumber prices have soared to new heights this year as futures rose to \$619 per 1,000 board feet on the Chicago Board of Trade. They've now surged 66 percent in the past 12 months, a bigger gain than any of the raw materials tracked by the Bloomberg Commodity Index.



**MN Monthly Retail Gasoline Prices**

SOURCE: ENERGY INFORMATION ADMIN



**Framing Lumber**

SOURCE: NAHB

## Mortgage Rates

FROM JUNE 15, 2018  
SOURCE: ASSOCIATED BANK



## A DREAM HOME

### DOESN'T HAVE TO BE A DREAM.

Each one of your customers is building their home because they have a vision. Our loan officers are experienced in finding construction financing options that are built to their specifications.

**Contact your local mortgage lending expert below.**

**Michael Fannon**  
Bloomington  
651-554-8719  
NMLS: 524057

**Randy Hoeschen**  
St. Louis Park  
952-591-2897  
NMLS: 524058

**Stuart Mansk**  
Savage  
651-306-1874  
NMLS: 553805

**Daniel Nugent**  
Plymouth  
763-694-2844  
NMLS: 500985

**Mark Tripp**  
St. Paul  
651-523-6311  
NMLS: 524105



Loan Products are offered by Associated Bank, N.A., and are subject to credit approval and involve interest and other costs. Please ask about details on fees and terms and conditions of these products. Property insurance and flood insurance, if applicable, will be required on collateral. Member FDIC. Equal Housing Lender. (1/18) 11359

